

Splitting Your Income

Looks like you are ready to go! Do you have a copy of your 1999 federal return? You will need it to complete this section. Complete this section before you begin the Income section of the tax form. The chart provides you with specific line numbers that make it easy for you to locate this information on your federal return. When you have finished this section, take the numbers from Line R and place them on Line 1 of the tax form.

For each type of income, enter the part of the total that is yours in the "Yourself" column and

your spouse's part in the "Your Spouse" column. The following items are special points to keep in mind.

- Income received from jointly held property must be split by each spouse's percentage of ownership in the property.
- Taxable social security benefits must be split between each spouse according to their percentage of gross social security benefits received for the tax year times Line 13b of the Federal Form 1040A or Line 20b of the Federal Form 1040.
- The state tax refund should be split according to your last year's income percentages found on Line 16 of your 1998 Missouri income tax return.

Splitting Your Income for Combined Return	Federal Form 1040EZ Line Number	Federal Form 1040A Line Number	Federal Form 1040 Line Number	Yourself		Your Spouse
A. Wages, salaries, tips, etc.	1	7	7		00	A 00
B. Taxable interest income	2	8a	8a		00	B 00
C. Dividend income	none	9	9		00	C 00
D. State and local income tax refunds	none	none	10		00	D 00
E. Alimony received	none	none	11		00	E 00
F. Business income or (loss)	none	none	12		00	F 00
G. Capital gain or (loss)	none	none	13		00	G 00
H. Other gains or (losses)	none	none	14		00	H 00
I. Taxable IRA distributions	none	10b	15b		00	I 00
J. Taxable pensions and annuities	none	11b	16b		00	J 00
K. Rents, royalties, partnerships, S corporations, trusts, etc.	none	none	17		00	K 00
L. Farm income or (loss)	none	none	18		00	L 00
M. Unemployment compensation	3	12	19		00	M 00
N. Taxable social security benefits	none	13b	20b		00	N 00
O. Other income	none	none	21		00	O 00
P. Total (add Lines 1 through 15)	4	14	22		00	P 00
Q. Less: federal adjustments to income	none	17	32		00	Q 00
R. Federal adjusted gross income (Line P less Line Q) Enter amounts here and on Line 1 of Form MO-1040C	4	18	33		00	R 00

You have just found the answer to Question Number 1 on Form MO-1040C.

Frequently Asked Questions of the Form MO-1040C



How do I know if I am 100% disabled?

You are disabled if you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.



Why is the department asking if I'm 100% disabled?

The Missouri Legislature passed a law that requires the department to contact taxpayers who may be eligible to claim a Property Tax Credit (PTC). The department will use the 100% disabled information to contact taxpayers that may be eligible to claim the PTC for real estate tax or rent paid on your home.



Why would I check myself as a non-obligated spouse?

If your spouse owes the state of Missouri any child support payments, back taxes, student loans, etc., you may want to check this box. By doing so, Missouri will not use your portion of any refund to pay those amounts owed by your spouse.

The non-obligated spouse apportionment applies only to state agencies. The Internal Revenue Service is not a state agency and debts owed to the IRS are excluded from the non-obligated spouse apportionment.



What is my total income on my federal return?

Total federal income is your income, plus or minus any federal income adjustments (but not your deductions or exemptions). You can find your total federal income by using the chart below:

Federal Form	Telefile Tax Record	1040EZ	1040A	1040
Line	I	4	18	33

If you and your spouse both had income, use the schedule above to split your income. The tax computed separately is less than the tax computed on your income and your spouse's income combined together.



Why do I have to report my total income if I am a part-year resident or a nonresident? Can't I just start with my Missouri income only?

No, you cannot just start with your Missouri income. You **must begin** the Missouri income tax return with your **total federal income**, even if you have income from a state other than Missouri. Your deductions and exemptions apply to your total income, not just part of it. If you begin with only Missouri source income, your deductions will be too high and you will receive a notice from the department which will slow the processing of your return.



Can I subtract my state tax refund?

Missouri does not consider any state refund taxable. If you *did not* itemize on last year's federal return, enter "0". If you *did* itemize on last year's federal return, you may subtract the state refund amount from your total federal income. You can subtract the state income tax refund that is **included** in your total federal income (**Federal Form 1040, Line 10**). If you claim a subtraction for a state income tax refund, you must enclose a copy of your Federal Form 1040.



How do I figure my income percentage?

Take the income you figured for yourself on Line 3 and divide by the total found on Line 4. Then do the same for your spouse's income on Line 3. The total of the two must equal 100%. (Round to the nearest whole number.)

Yourself Line 3 divided by Line 4 = _____
Your spouse Line 3 divided by Line 4 = _____



What is my federal income tax deduction?

Missouri allows you a deduction for the federal income taxes you paid. The chart below shows you how to figure this deduction from your federal return. Place this number in the first box, but you can only claim a maximum of \$5,000 filing single or \$10,000 filing combined. You must place the lower of these two numbers in the second box. (**Don't use the information from your W-2s for withholding or earned income credit.**)

Federal Form	Telefile Tax Record	1040EZ	1040A	1040
Line	K Box 2 minus L	10 minus 8a	32 minus 37a	49 minus 59a



How do I know if I should take the standard deduction or itemized deduction?

If you claimed the standard deduction on your federal return, you must also claim the standard deduction on your state return. See chart on following page.

Single	Married Filing A Combined Return
\$4,300	\$7,200

But, if you or your spouse marked any of the boxes for 65 or older or blind, please see your federal return for your standard deduction amount.

If you itemized on your federal return, you may want to itemize on your state return or take the standard deduction, whichever results in the higher deduction amount. However, if you were **required** to itemize deductions on your federal return, you must also itemize deductions on your state return. To figure your itemized deductions, please fill out the schedule on the back of the return. **If you itemize deductions on your federal return, you must enclose a copy of Fed. Form 1040, pgs. 1 & 2, and Sched. A.**



How do I figure my dependent deduction?

Multiply \$1,200 by the total number of people you claimed as dependents on your federal return. **Do not include yourself or your spouse.**



Multiply \$1,000 by the total number of people age 65 or older you claimed on your federal return. If dependents receive state funding or Medicaid, they do not qualify. **Do not include yourself or your spouse. Enclose a copy of your federal return (pages 1 and 2).**



How do I figure my tax?

If your Missouri taxable income is less than \$9,000, use the tax table located on the back of the tax form. If the Missouri taxable income is over \$9,000, then subtract \$9,000 from your Missouri taxable income and multiply the difference by 6%. This figure should be added to \$315 and placed on Line 14.

If you have an amount due, you can pay by credit card, regardless of when you file your return. The department accepts Mastercard, Discover and American Express. Call toll-free 1-888-296-6509. A convenience fee will be added to your credit card account.



Should I take a credit or complete the Form MO-NRI?

You can only take a credit or complete the Form MO-NRI. **The same taxpayer cannot do both.** (Your spouse may still take a credit, if you complete Form MO-NRI.) You should take a credit for taxes paid to other states, if you are a Missouri resident and had income from other states. (Complete Form MO-CR and enter the credit amount on Form MO-1040C, Line 15.) If you or your spouse was a part-year resident or a nonresident, figure your Missouri income percentage by completing Form MO-NRI.

If you or your spouse did not have Missouri source income, enter "0" on Form MO-NRI, Part B, Line 1 and on Form MO-1040C, Line 16. If all of your income was from Missouri, enter 100% on Form MO-1040C, Line 16.

Note: Active duty military personnel should complete a Form MO-NRI & Form MO-1040C.



What are estimated tax payments?

Estimated tax is a method used to pay tax on income that is not subject to withholding. This includes income from self-employment, interest, dividends, alimony, rent, capital gains, prizes, awards and some pensions/annuities and Individual Retirement Accounts (IRAs). Quarterly estimated tax payments are due April 15, June 15, Sept. 15 and Jan. 15.



Can I still make a trust fund contribution even though I have a balance due?

Yes, but don't forget to add the amounts contributed to the amount due and provide a separate check. **Note:** The minimum contribution to any trust fund is \$2.00 per taxpayer (\$4.00 if married filing combined).



Why would I want to apply any or all of my refund to next year's taxes?

You may reduce the amount of tax you may have to pay with next year's Missouri return.

Frequently Asked Questions of the Missouri Itemized Deductions



What can I include in my Missouri Itemized Deductions?

You may include the items that are in your federal itemized deductions, except state income tax. You may also include one-half of your self-employment tax and your withholdings for social security tax, Medicare tax and railroad retirement tax reported on your Form W-2(s). However, if your withholding for social security and/or railroad retirement exceed the maximum, the excess amount may not be included. A cultural contribution is provided for an approved literary, musical, scholarly or artistic composition. Monetary contributions do not qualify.



Why do I have to subtract my state taxes from my itemized deductions?

The State of Missouri allows a deduction for the federal tax you pay. The state tax is included in your federal itemized deductions and it cannot be included in your Missouri itemized deductions.



Why should I complete this worksheet?

If your federal adjusted gross income is more than \$126,600 (\$63,300 if married filing separate), your federal itemized deductions were reduced. You should complete the worksheet to be sure you only subtract the amount of state and local tax you were allowed on your federal itemized deductions. Failure to complete the worksheet may result in you paying too much tax.

Line-by-Line Instructions for the Missouri Itemized Deductions

- You must enclose a copy of your Federal Form 1040 and Federal Schedule A with your Missouri return if you itemize your deductions.**
- You cannot itemize your deductions if you took the standard deduction on your federal return.**

Line 1 — Federal Itemized Deductions

Enter the amount from Federal Form 1040, Line 36 on Line 1. Include on Line 1 your **approved** cultural contributions (literary, musical, scholastic or artistic) to a tax exempt agency or institution that is operated on a not-for-profit basis. **Cash contributions do not qualify.** Contact the department at (573) 751-5746 to verify your contribution qualifies.

Lines 2 and 3 — Social Security Tax (FICA)

Enter in the first box on Line 2 the social security tax **you** paid in 1999, from the social security tax withheld box on your 1999 Form W-2(s), (not to exceed \$4,501). Enter in the second box on Line 2 the Medicare tax **you** paid in 1999, from the Medicare tax withheld box on your 1999 Form W-2(s). Enter the total of these two boxes on Line 2. Repeat these steps using **your spouse's** information and enter on Line 3.

Lines 4 and 5 — Railroad Retirement Tax

Enter in the first box on Line 4 the railroad retirement tax, Tier I and Tier II, which was withheld from **your** wages during 1999 (not to exceed \$7,132). This amount includes a Tier I maximum of \$4,501 and Tier II maximum of \$2,631. Enter in the second box on Line 4 the Medicare tax **you** paid in 1999. Enter the total of these two boxes on Line 4. Repeat these steps using **your spouse's** information and enter on Line 5.

Note: If a person has both FICA and railroad retirement tax, the maximum deduction allowed is the amount withheld as shown on the Form W-2(s) less, either the amount entered on Federal Form 1040, Line 62, or, if only one employer, the amount refunded by the employer.

Lines 6 and 7 — Self-employment Tax

Enter in the first box on Line 6 the self-employment tax **you** paid in 1999 from the Federal Form 1040, Line 50. Enter in the second box on Line 6, **your** portion of the amount of self-employment tax deducted on Federal Form 1040, Line 27. Subtract the second box from the first box and enter the difference on Line 6. Repeat these steps using **your spouse's** information and enter on Line 7.

Line 8 — Total

Add Lines 1 through 7. Enter the total on Line 8.

Line 9 — State and Local Income Taxes

Enter on Line 9 the amount from your Federal Form 1040, Schedule A, Line 5. However, if your federal adjusted gross income from Federal Form 1040, Line 33 is more than \$126,600 (\$63,300 if married filing separate) complete the Worksheet for Line 9.

Note: The state and local tax you claim on your federal itemized deductions must be subtracted from Missouri itemized deductions. Because at the federal level your itemized deductions are reduced if your income is greater than \$126,600 (\$63,300 if married filing separate), you need to complete this worksheet so you subtract only the amount of state and local tax you were allowed on your federal itemized deductions. **Do not complete Lines 9 and 10.** If you don't complete the worksheet (and you *should* complete it) your Missouri itemized deductions will be lower than they should be, and you'll pay too much tax!

Worksheet, Line 9

Included in the Federal Revenue Reconciliation Act of 1990 was a provision that required individuals with federal adjusted gross income over certain income thresholds to reduce the amount allowable for federal itemized deductions by 3% of the excess over that threshold (26 USC 68). Certain deductions, such as medical expenses, investment interest and casualty, theft or wagering losses are not subject to this reduction. For 1999, the threshold is income over \$126,600 (\$63,300 if married filing separate).

Line 10 — Earnings Taxes

Enter on Line 10 the amount of any Kansas City and St. Louis earnings taxes that are included in Line 9.

Line 11 — Net State Income Taxes

Subtract Line 10 from Line 9 and enter the result on Line 11 or if you completed the Worksheet for Line 9, enter the amount from Line 8 of the Worksheet.

Line 12 — Missouri Itemized Deductions

Subtract Line 11 from Line 8 and enter the result on Line 12, and on front of form, Line 8. If this amount is less than the federal standard deduction (see federal income tax instructions for amount), then you should enter the standard deduction amount on front of form, Line 8, unless you were required to itemize your deductions on your federal return. If you were required to itemize your deductions on your federal return, you must itemize deductions on your Missouri return and enter the amount from Line 12 on the front of the form, Line 8.